

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – AUGUST 16, 2006

PRESENT: Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Randall Avery, Deputy Chief of Enforcement; Kathleen McCabe, Director of Purchasing; Howard Roundy, Director of Information Technology; Steven Slovenski, Legal Counsel; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Financial Officer.
Guests: Al Picconi, Southern Wine & Spirits of N.E., Inc.

EXCUSED: Chairman Anthony Maiola; Nicole Brassard, Wine Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending August 13, 2006 increased by 7.06% or \$617,123 for the weekly comparison, as they did year-to-date by 4.7% or \$2,591,664.

B. Budget/Administrative Reports:

A Business Managers' meeting will be held this afternoon at Health & Human Services. Chairman Maiola, Craig and George will attend the revenue review scheduled for next Tuesday, August 22 before the Ways & Means Committee.

Craig reported that our co-ed team representing the Commission in the Cigna Race last week came in third out of 23 co-ed teams that entered the race!

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 12.5% expired, with total budget expenditures at around 9.8%. George will be meeting with Howard to discuss the proposed budget for IT. George hopes to have a change in the maintenance budget for the Commission to review next week for approval.

A request has been made by the ERP Committee for each state agency to designate employees to become "change agents" for the new statewide ERP system, who will bring any difficulties to the committee's attention for resolution. These individuals may also be trained to help with the transition process from the old to new system. Evie will handle this for the Human Resources department. Someone will also be selected from Accounting.

2. IT Report

The IT department continues to work with the new allowance offer program. The initial amount of activity had died down somewhat, and so have the problems accompanying it. Both external and internal difficulties are now pretty much under control.

The finalized IT budget is due for submission this Friday.

The lease portion of the point-of-sale contract is being held up because the Attorney General's office does not like some of the terms. Howard asked that Steve become involved to help get the process moving again. Because of the delay, there is no way all of the stores can be converted to the new system before the holidays. Craig said individual contracts, store leases and the point-of-sale contract have all had similar issues. He said he would present this problem at this afternoon's Managers' Meeting.

Howard reported that, because of fiscal calendar confusion, some statistics were misquoted for the NABCA and the brokers. However, this problem should now be resolved.

3. Human Resources Report: No report.

II. MARKETING & SALES REPORTS

1. Store Operations

Sales for the week ending 8/13/06 increased by 7.05% or \$493,891.98.

Last week the Marketing team visited 59 stores. Peter remarked that he was very proud, as there was not one store that did not look good.

John said Marketing has been working very closely with IT to get some prices corrected, as a glitch occurred during the first three days of the sale. Howard explained that this was due to the on-premise and off-premise prices being reversed. It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a waiver for the \$1,100.00 error which occurred.

2. Purchasing Report

Kathy distributed the current out-of-stock warehouse report. Changes requested by Commissioner Byrne will be included in next week's report.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Request (Cazadores Blanco & Anejo Tequilas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/ Bacardi USA for new test market listings for Cazadores Blanco Tequila, 750ML size (assigned new Code #3472) and Cazadores Anejo Tequila, 750ML size (assigned new Code #3475), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Full Distribution Request (Code #8057):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the expansion of specialty item #8057, Corazon de Agave Blanco Tequila, 750ML size, to Stores #7 Colebrook, #15 Keene, #48 Hinsdale and #77 Rindge, bringing total distribution to 44 stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Scotsfest Sale Special Offers:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-one (31) products to be featured during the Scotsfest Sale (September 14 through 24, 2006), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) October Special Offers:

a. 3 electronic offers – M.S. Walker, NH:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers received electronically from M.S. Walker, NH, based upon depletions for three (3) spirit items, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 3 electronic offers – Charles Zoulias:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers received electronically from Charles Zoulias, based upon depletions for three (3) spirit items, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 17 electronic offers – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers received electronically from Martignetti Companies of N.H., based upon depletions for seventeen (17) spirit items, to be featured on sale during October 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Jim Beam September Race Car Simulator:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Future Brands LLC to allow the Jim Beam Race Car simulator to be on-site at Store #38, Portsmouth on Friday, September 15, 2006 from 3:30 to 6:30 p.m., as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- B. WINES:

- 1) Test Market Results:

- a. 2 items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the removal of two (2) test market codes from retail availability and placing them on close-out sale to assist in depleting remaining inventory, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 115 items:

The Commission acknowledged the list of one hundred and fifteen (115) wine codes which will continue to be monitored for gross profit information by Nicole Brassard, Wine Marketing Specialist. (No action required – information only.)

- 2) “The Help You Need Marketing Program”, Oct., Nov. and Dec. 2006):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc. to conduct a special marketing program with WMUR-TV entitled “The Help You Need Marketing Program” during October, November and December 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Appeal on the Removal From Retail of Woodbridge Riesling, 1.5L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission, based upon an appeal from Martignetti Companies of N.H./Robert Mondavi Winery to the delisting of Code #42413, Woodbridge Riesling, 1.5L size, grant a 90-day extension through the end of November 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Recommended Allocated Wines for Distribution to Selected Stores (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eight (8) allocated wine items for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Recommended Allocated Wines (Absolutes) for Distribution to Selected Stores (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) allocated wine items (absolutes) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Primary Source Submissions (5 exclusive agent; 26 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes which are offered by the exclusive marketing agent and twenty-six (26) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 11 through August 16, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

V. EXECUTIVE SESSION

The meeting adjourned at 1:20 p.m., and the Commission went into non-public session to discuss personnel and store location items.

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford